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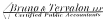
THE DOWNTOWN DEVELOPMENT DISTRICT
OF
THE CITY OF NEW ORLEANS
FINANCIAL AND COMPLIANCE AUDIT
TOGETHER WITH
INDEPENDENT AUDITORS' REPORT
FOR THE YEAR ENDED DECEMBER 31, 2005

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Posting Date: 7/30/12

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and the only firm of Certified Public Accountants

Michael H. Tervelton, CPA
Richard J. Brunson, Jr., CPA
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INDEPENDENT AUDITORS' REPORT

To the Audit Committee of
The Downtown Development District
of the City of New Orleans

We have audited the accompanying general purpose financial statements of **The Downtown Development District of the City of New Orleans (the District)**, as of and for the year ended December 31, 2004, as listed in the Table of Contents. These general purpose financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general purpose financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the District, as of December 31, 2004, and the results of its operations for the year then ended in conformity with accounting principles generally accepted in the United States of America.

INDEPENDENT AUDITORS' REPORT
(CONTINUED)

To the Audit Committee of
The Downtown Development District
of the City of New Orleans

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In accordance with *Governance Auditing Standards*, we have also issued our report dated May 31, 2002 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of us and it performed in accordance with *Governance Auditing Standards*, and should be read in conjunction with this report in considering the results of our audit.



BRUNO & TERVALON LLP
CERTIFIED PUBLIC ACCOUNTANTS

May 31, 2002

THE BOARDMAN'S DELIBERATIVE DISTRICT
OF
THE CITY OF LOS ANGELES
COUNCIL DISTRICT 10 - GARDEN CITY
FINANCIAL AND ACCOUNTING
STATEMENT FOR 2007

CURRENT FINANCIAL POSITION

	Current	Net Assets	Accrual Basis		Total
			Assets	Liabilities	Assets
Cash	\$1,495,581	\$	\$	\$	\$ 1,495,581
Cash and temporary cash investments (FOOTN 11 and 12)	11,432	\$	\$	\$	11,432
Cash and temporary cash investments held by the Boardman's Deliberative District (FOOTN 2 and 10)	\$	\$79,502	\$	\$	\$79,502
FOOTN 12: City of Los Angeles (FOOTN 4 and 8)	494,319	\$	\$	\$	494,319
Investments held by the Boardman's Deliberative District (FOOTN 2 and 14)	\$295,433	\$	\$	\$	\$295,433
Investments:					
All other investments of the Boardman's Deliberative District (FOOTN 2)	1,111,477	\$	\$	\$	1,111,477
FOOTN 4, Fund 10	98,000	\$	\$	\$	98,000
Accrual interest (FOOTN 2)	14,429	\$	\$	\$	14,429
Other	14,429	\$	\$	\$	14,429
Prepaid expenses and other assets	\$	\$	\$	\$	\$
Amounting to \$1,495,581 (FOOTN 14)	\$	\$	\$	\$	\$
Amounts to be provided for retirement of bonds, unamortized bridge and capital funds (FOOTN 8, 11 and 18)	\$	\$	\$	\$	\$
Fund assets (FOOTN 4)	\$	\$	\$	\$	\$
Total assets and other assets	\$1,711,759	\$79,502	\$	\$1,791,261	\$1,791,261
			\$79,502	\$	\$79,502

This accompanying note is an integral part of these financial statements.

**THE CITY OF NEW BRUNSWICK
OF
THE CITY OF NEW BRUNSWICK
COUNTY, NEW JERSEY, AN OFFICIAL
POLYMER AND SECURITY DOCUMENT
DATED 10/1/2011**

LIABILITIES AND FUND EQUITY AND OTHER CREDIT	EXPERIMENTAL FUND TOTAL			ASSET TOTAL			Total Commitment (2011)
	Balance	Debit	Credit	Current Fund	Capital Fund	Long-term Debt	
LIABILITIES							
Accounts and other payable	3,754,000	-	-	-	-	-	3,754,000
Due to City of New Brunswick (NOTE 7)	2,711,152	-	-	-	-	-	2,711,152
Deferred revenues (NOTE 8)	1,076,780	-	-	-	-	-	1,076,780
Compensated absences (NOTE 9)	-	-	-	-	-	54,000	54,000
Capital lease payable (NOTE 10 and 11)	-	-	-	-	-	21,250	21,250
Notes payable (NOTE 12 AND 13)	-	-	-	-	-	1,013,000	1,013,000
Total liabilities	<u>4,824,200</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,065,150</u>	<u>11,013,150</u>
FUND EQUITY AND OTHER CREDIT							
Investments in general fund assets (NOTE 14)	-	-	750,000	-	-	-	750,000
Fund balance:							
Reserved for capital and maintenance	772,000	-	-	-	-	-	772,000
Deposits (NOTE 15)	6,962,117	-	-	-	-	-	6,962,117
Reserved for Capital Street Channel study	-	-	219,000	-	-	-	219,000
Reserve for debt service (NOTE 16 and 18)	-	-	-	-	-	-	-
Reserve for debt service (NOTE 16 and 18)	750,000	-	-	-	-	-	750,000
Reserve for debt service (NOTE 16)	872,000	-	-	-	-	-	872,000
Undesignated	-	-	-	-	-	-	-
Total fund balance	<u>2,813,200</u>	<u>219,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,032,200</u>
Total fund equity and other credits	<u>2,813,200</u>	<u>219,000</u>	<u>750,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,782,200</u>
Total liabilities, fund equity and other credits	<u>4,824,200</u>	<u>438,000</u>	<u>750,000</u>	<u>-</u>	<u>-</u>	<u>1,065,150</u>	<u>10,095,400</u>

The accompanying notes are an integral part of these financial statements.

THE DOWNTOWN DEVELOPMENT DISTRICT
OF
THE CITY OF NEW ORLEANS
COMBINED STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDING DECEMBER 31, 2020

	General	Fair Service	Total (Miscellaneous Fund)
Revenues:			
Ad valorem taxes (MTRF-1)	\$ 5,407,760	\$ -0-	\$ 5,407,760
New Orleans Area Tourism and Economic Development Fund	367,806	-0-	367,806
Interest on delinquent taxes	6,797	-0-	6,797
Interest on investments	332,662	-0-	332,662
Interest on cash and temporary cash investments	38,546	-0-	38,546
Other	<u>786</u>	<u>-0-</u>	<u>786</u>
Total revenues	<u>6,133,567</u>	<u>-0-</u>	<u>6,133,567</u>
Expenditures:			
Administration	1,684,471	-0-	1,684,471
Marketing and promotions	462,724	-0-	462,724
Operations	1,856,879	-0-	1,856,879
Public safety	1,236,265	-0-	1,236,265
Special projects	1,107,473	-0-	1,107,473
Economic development	95,877	-0-	95,877
Capital/Debt service	899,261	-0-	899,261
Intercept on bonds	-0-	362,536	362,536
Bond issuance cost	<u>358,636</u>	<u>-0-</u>	<u>358,636</u>
Total expenditures	<u>5,320,969</u>	<u>362,536</u>	<u>5,683,505</u>
Excess (or deficit) of revenues over expenditures			
Before other financing sources (uses)	(1,187,392)	(362,536)	(1,549,928)
Other financing sources (uses):			
Proceeds from bonds issuance (PCRB-10)	1,179,000	-0-	1,179,000
Operating transfer out	(418,669)	-0-	(418,669)
Operating transfer in	<u>-0-</u>	<u>(58,166)</u>	<u>(58,166)</u>
Other financing sources (uses)	<u>6,990,331</u>	<u>(58,166)</u>	<u>7,372,000</u>
Excess of revenues over expenditures	<u>5,905,244</u>	<u>214,623</u>	<u>6,060,860</u>
Fund balances:			
Beginning of year	<u>2,833,734</u>	<u>-0-</u>	<u>2,833,734</u>
End of year	<u>\$ 8,800,588</u>	<u>\$ 214,623</u>	<u>\$ 8,800,588</u>

The accompanying notes are an integral part of these financial statements.

**THE BOWDOIN DEVELOPMENT DISTRICT
OF
THE CITY OF NEW ORLEANS
COMBINED STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET
AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2001**

	Budget	Actual	Variance Favorable (Unfavorable)
Revenues:			
Ad valorem taxes	\$ 5,231,836	\$ 5,387,788	\$ 155,952
Interest on debt and loans	8,283	6,297	(2,986)
Interest on investments	300,000	353,060	53,060
Interest on cash and temporary cash investments	17,800	38,546	20,746
New Orleans Area Insurance and Economic Development Fund	808,800	387,826	(420,974)
Other	800	786	(14)
Total revenues	6,357,819	6,173,397	(184,422)
Expenditures:			
Administration	3,338,336	3,484,431	146,095
Planning and provisions	588,275	602,324	14,049
Operations	3,988,000	3,936,879	(51,121)
Public safety	3,344,478	3,236,265	(108,213)
Special projects	1,255,419	1,187,473	(67,946)
Economic Development	194,308	95,817	(98,491)
Capital Assets - Wide	999,361	999,361	-
Good inventory cost	180,000	180,835	835
Total expenditures	13,888,867	13,543,598	(345,269)
Deficiency of revenues over expenditures to be offset financing sources (surplus)	\$2,800,819	(1,369,597)	\$ 4,170,416
Other financing sources (uses):			
Proceeds from bond issuance		3,175,000	3,175,000
Operating transfers (out)		(511,160)	(511,160)
Other financing sources (uses), net		<u>2,663,840</u>	
Excess of revenues over expenditures		5,381,240	
Fund balance:			
Beginning of year		<u>2,881,254</u>	
End of year		\$ 8,262,494	

The accompanying notes are an integral part of these financial statements.

**THE DOWNTOWN DEVELOPMENT DISTRICT
OF
THE CITY OF NEW ORLEANS
NOTES TO THE FINANCIAL STATEMENTS**

NOTE: 1 - Summary of Significant Accounting Policies:

Background:

Act 498 of 1974 as amended and renamed by Act 124 of 1977 of the State of Louisiana Legislature effective January 1, 1975, created a special taxing district designated "the Core Area Development District of the City of New Orleans", comprised of all the territory within the following prescribed boundaries:

The point of beginning shall be at the intersection of the east bank of the Mississippi River and the Mississippi River Bridge approaches and Pontchartrain Expressway, thence conforming along the upper line of the Pontchartrain Express right-of-way less and except ramp areas, and in a northwesterly direction to the lake side right-of-way line of Chalmette Avenue; thence northeasterly along the lake side of said right-of-way of Chalmette Avenue to the lower right-of-way of Iberville Street; thence along the said lower right-of-way line of Iberville Street to the east bank of said to the upper right-of-way line of the Mississippi River Bridge approaches and Pontchartrain Expressway, being the point of beginning.

Act 307 of the State of Louisiana Legislature effective July 10, 1978, changed the name of the District to **The Downtown Development District of the City of New Orleans**.

Act 498 and 124 also created a Board of Commissioners for **The Downtown Development District of the City of New Orleans (the District)** composed of nine members for governance of the District.

**THE DOWNTOWN DEVELOPMENT DISTRICT
OF
THE CITY OF NEW ORLEANS
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED**

NOTE: 1 - Summary of Significant Accounting Policies, Continued:

The Financial Reporting Entity

Governmental Accounting Standards Board Statement No. 14, *The Financial Reporting Entity*, (GASB 14) established standards for defining and reporting on the financial entity. GASB 14 indicates the focal point for identifying the financial reporting entity is the primary government, which is considered to be any state government or general purpose local government or a special purpose government that meets all of the following criteria: a) has a separately elected governing body, b) is legally separate, and c) is fiscally independent of other state and local governments.

As previously discussed, state statute established the District as a separate, legal entity with a governing body which is separate and independent of any other governmental "reporting entity", as defined by GASB 14. However, the District is dependent primarily on real estate tax assessments to conduct its business.

For financial reporting purposes, the District is a component unit of the City of New Orleans. As such, the general purpose financial statements of the District are included in the financial statements of the City of New Orleans. All activities of the District are included in this report.

The accounting policies of the District conform to accounting principles generally accepted in the United States of America as applicable to governments and special districts. The following is a summary of the more significant accounting policies:

Fund Accounting

The District uses funds and account groups to report on its financial position and results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain District functions or activities.

**THE DOWNTOWN DEVELOPMENT DISTRICT
OF
THE CITY OF NEW ORLEANS
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED**

NOTE 1 - Summary of Significant Accounting Policies, Continued:

Fund Accounting, Continued

The fund is a separate accounting entity with a self-balancing set of accounts that include assets, liabilities, fund equity, revenues and expenditures, as appropriate. An account group, on the other hand, is a financial reporting device designed to provide accountability for certain assets and liabilities that are not recorded in the funds because they do not directly affect net expendable available financial resources.

The fund and account groups of the District are classified as follows:

Governmental Fund

The governmental fund represents the fund through which most of the District's functions are financed. The measurement focus is upon determination of changes in financial position, rather than upon net income determination. The following is the governmental funds of the District:

General Fund

The general fund is the general operating fund of the District. It is used to account for all financial resources except those that are required to be accounted for in another fund.

Debt Service Fund

The debt service fund is used to account for transactions relating to resources retained and used for the payment of principal and interest on those long-term obligations recorded in the general long-term obligations account group.

**THE INFANTOWN DEVELOPMENT DISTRICT
OF
THE CITY OF NEW ORLEANS
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED**

NOTE 1 - Summary of Significant Accounting Policies, Continued:

Account Groups

Account groups are used to establish accounting control and accountability for the District's general fixed assets and long-term outstanding obligations, respectively. They are self-balancing groups of accounts that are concerned only with the measurement of financial position, not with the measurement of results of operations. The following are the District's account groups:

General Fixed Assets Account Group

The general fixed assets account group is established to account for fixed assets of the District. The fixed assets of governmental funds are recorded as expenditures at the time they are purchased or constructed, and the related assets are capitalized or reported in the general fixed assets account group.

General Long-Term Debt Account Group

The general long-term debt account group is used to record long-term liabilities of the District when due or when resources have been accumulated for payment.

Basis of Accounting

The accounting and financial reporting treatment applied to a fund by the District is determined by its measurement focus. As such, the governmental fund is accounted for using a current financial resources measurement focus.

**THE DOWNTOWN DEVELOPMENT DISTRICT
OF
THE CITY OF NEW ORLEANS
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED**

NOTE 1 - Summary of Significant Accounting Policies, Continued

Basis of Accounting, Continued

The records are maintained on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual, that is, both measurable and available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures are recorded when the liability is incurred, if measurable.

Those revenues susceptible to accrual such as property taxes, are recorded as revenue in the year for which they are levied except for taxes paid under protest. These taxes are recorded as deferred revenues until they become available. See NOTES 4 and 8.

Interest on delinquent taxes and earned on checking accounts is recorded as revenue when received in cash by the Board of Liquidation, City Debt (the Board) or the District because it is generally not measurable in relation to delinquent taxes or available in relation to checking accounts. Interest on investments is recorded as revenue when earned. The Board is a component unit of the City of New Orleans. The Board has exclusive control and direction of all matters relating to bonded debt of the City of New Orleans.

Miscellaneous contributions for projects are recognized as revenues in the period received by the District or the City of New Orleans on behalf of the District. When the contribution is provided as a direct funding of a project, such amounts are used to reduce the District's cost.

**THE DOWNTOWN DEVELOPMENT DISTRICT
OF
THE CITY OF NEW ORLEANS
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED**

NOTE 1 - Summary of Significant Accounting Policies, Continued:

Basis of Accounting, Continued

During the year ended December 31, 2001, the District adopted the provisions of GASB 33 (*Accounting and Financial Reporting for Non-Exchange Transactions*) effective for fiscal years that began after June 15, 2000.

Under GASB 33 standards, the District recognizes assets, liabilities, revenues and expenditures under its government-mandatorial voluntary non-exchange transactions as follows:

- The District recognized assets and liabilities when all applicable eligibility requirements are met or resources received whichever is first;
- Revenue and expenditures are recognized when all applicable, eligibility requirements are met;
- For transactions with time requirements, resources received prior to the satisfaction of the time requirement(s) are recorded by the District as revenue upon award.

Other Financing Sources (Uses)

Transfers between funds that are not expected to be repaid are accounted for as other financing sources (uses). These other financing sources (uses) are recognized at the time the underlying event occurs.

**THE DOWNTOWN DEVELOPMENT DISTRICT
OF
THE CITY OF NEW ORLEANS
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED**

NOTE 1 - Summary of Significant Accounting Policies, Continued:

Legal Compliance - Budgets

The District follows the procedures prescribed by Act 478 as amended by the State of Louisiana Legislature effective January 1, 1997. Relevant portions of these procedures are:

- The Board of Commissioners of the District shall prepare, or cause to be prepared, a plan or plans specifying the public improvements, facilities and services proposed to be furnished, constructed or acquired for the District.
- Any plan shall include (a) an estimate of the annual and aggregate cost of acquiring, construction or providing the services, improvements or facilities set forth therein; (b) the proportion of tax to be levied on the taxable real property within the District which is to be set aside and dedicated to paying the cost of furnishing specified services, and the proportion of such tax to be set aside and dedicated to paying the cost of capital improvements or paying the cost of debt service on any bonds to be issued to pay the cost of capital improvements (none currently); and (c) an estimate of the aggregate number of mills required to be levied in each year on the taxable real property within the District to provide the funds required for implementation of the plan.
- After completion, the plan shall be submitted to the Planning Commission of the City of New Orleans for review. The Planning Commission must submit the plan to the City Council within thirty (30) days of receipt thereof, together with its written comments and recommendations.
- The City Council may by a majority of its members accept or reject the plan based upon its consistency with the City's overall plan. If accepted, the plan may be implemented.

**THE DOWNTOWN DEVELOPMENT DISTRICT
OF
THE CITY OF NEW ORLEANS
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED**

NOTE 1 - Summary of Significant Accounting Policies, Continued:

Legal Compliance - Budgets, Continued

- Upon acceptance, the plan budget and the appropriation of funds for its implementation are incorporated by the City of New Orleans into its normal budget process. Under this process, appropriations for the District's "Service" operations (operating budget) expire at year end, except for amounts the City has encumbered on behalf of the District. Such amounts are carried forward until they are cleared. Appropriations for capital outlays (capital budget) continue in force until the project is completed or cancelled normally.
- The District, through ordinances approved by the City Council, can amend the budget at its discretion.

Investments

The Board receives funds from the City of New Orleans for the account of the District. These funds are invested by the Board for the District. Such investments consist of United States treasury bills, strips and certificates of deposit and are usually for periods of ninety (90) days to one year. Such investments are valued at amortized cost which approximates market and interest earned thereon is recorded when earned.

Discounts and/or premiums on investment purchases are amortized over the life of the investment.

Receivables

All receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible.

**THE DOWNTOWN DEVELOPMENT DISTRICT
OF
THE CITY OF NEW ORLEANS
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED**

NOTE 1 - *Summary of Significant Accounting Policies, Continued:*

Doubtful Debts

An allowance for uncollectible taxes has been established for ad valorem taxes receivable.

Fixed Assets

The accounting and reporting treatment applied to the fixed assets associated with a fund are determined by its measurement focus. The Governmental Fund is accounted for on a spending or "financial flow" measurement focus. This means that only current assets and current liabilities are generally included on their balance sheets. Their reported fund balance (net current assets) is considered a measure of "available spendable resources". Governmental Fund operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Accordingly, they are said to present a summary of sources and uses of "available spendable resources" during a period.

Fixed assets used in governmental fund type operation (general fixed assets) are accounted for in the General Fixed Assets Account Group, rather than in Governmental Fund. Furniture, equipment, and a motor vehicle used in administration and certain public works and promotional equipment are recorded in the General Fixed Assets Account Group. Such assets are maintained on the basis of original cost and no depreciation is computed or recorded thereon. Fixed assets acquired with funds transferred to City Departments for projects are accounted for by the City.

The General Fixed Asset Account Group is not a "fund". It is only concerned with the measurement of financial position. It is not involved with the measurement of results of operations.

**THE DOWNTOWN DEVELOPMENT DISTRICT
OF
THE CITY OF NEW ORLEANS
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED**

NOTE 1 - Summary of Significant Accounting Policies, Continued:

Capital Leases

Leases meeting the criteria of a capital lease as defined by Statement of Financial Accounting Standards No. 13, are recorded at inception of expenditure and other financing uses in the governmental fund and as assets and liabilities in the general fixed assets and general long-term debt account groups, respectively, at the present value of the future minimum lease payments using the interest rates stated in the lease.

Compensated Absence

Employees receive vacation pay at the following levels: full-time employees employed six through twelve months receive (five) 5 days annually; full-time employees employed one through five years receive ten (10) days annually; full-time employees employed six through ten years receive fifteen (15) days annually; full-time employees employed eleven through nineteen years receive twenty (20) days annually; and full-time employees for more than twenty years receive thirty (30) days annually.

All accrued vacation pay is fully vested. All full-time employees receive ten (10) days annually of sick leave. Sick leave can be accumulated up to sixty days, but does not vest and any unused amounts are forfeited upon retirement or termination of employment. Part-time employees receive prorated vacation and sick leave based on the percentage of the regular work week they are employed. Both vacation and sick pay are recognized when paid. Vacation leave is reported in the general long-term debt account group.

**THE DOWNTOWN DEVELOPMENT DISTRICT
OF
THE CITY OF NEW ORLEANS
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED**

NOTE 1 - Summary of Significant Accounting Policies, Continued

Employee Benefits

The District has a defined contribution retirement plan and whole life insurance for its employees (See NOTE 10). The contribution to the retirement plan is discretionary. These benefits are recognized when paid.

Circumstances

Circumstances accounting, under which purchase orders, contracts and other commitments are recorded in the fund's general ledger, is not utilized by the District. However, open purchase orders and commitments are recorded on an circumstance schedule for management reporting.

Estimates

The preparation of the general purpose financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities and disclosure of contingent assets and liabilities at the date of the general purpose financial statements and the reported amounts of revenue and expenditures during the reporting period. Actual results could differ from these estimates.

Long-term Debt

Long-term debt reported to be financed from the governmental fund are reported in the general long-term debt account group. Expenditures for principal and interest payments for long-term debt are recognized in the governmental fund when due.

**THE DOWNTOWN DEVELOPMENT DISTRICT
OF
THE CITY OF NEW ORLEANS
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED**

NOTE 1 - Summary of Significant Accounting Policies, Continued

Total (Memorandum Only)

Total column on the combined Statements captioned "Memorandum Only" is to indicate that it is presented only to facilitate financial analysis. Data in this column does not present financial position, results of operations, or changes in fund balance in conformity with accounting principles generally accepted in the United States of America. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of the data.

NOTE 2 - Investments:

Louisiana state law allows all political subdivisions to invest excess funds in obligations of the United States, certificates of deposit of state and national banks having their principal offices in Louisiana or any other federally insured investment.

State law also requires that deposits of all political subdivisions be fully collateralized at all times. Acceptable collateralization includes Federal Deposit Insurance Corporation (FDIC) insurance and the market value of securities purchased and pledged to the political subdivision. Obligations of the United States, the State of Louisiana and certain political subdivisions are allowed as security for deposits. Obligations furnished as security must be held by the political subdivision or with an authorized bank or trust company for the account of the political subdivision.

During 2001, deposits in excess of FDIC insurance were collateralized by the securities described above.

**THE DOWNTOWN DEVELOPMENT DISTRICT
OF
THE CITY OF NEW ORLEANS
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED**

NOTE 2 - Investments, Continued:

At December 31, 2003, the Board as fiscal agent of the District held on their behalf, cash and temporary cash investments in the amount of \$289,054 and securities consisting of Certificates of Deposit and a United States Treasury Bills and Strips as follows:

Description	Interest Rate (%)	Maturity	Carrying Amount	Approximate Market Value
Certificate of Deposit	2.13%	01/01/04	\$ 183,880	\$ 183,880
Certificate of Deposit	2.53%	03/02/04	213,880	213,880
Certificate of Deposit	3.34%	03/25/04	890,880	890,880
Certificate of Deposit	1.13%	04/03/04	238,880	238,880
Certificate of Deposit	2.18%	04/06/04	505,880	505,880
Certificate of Deposit	3.34%	04/06/04	500,880	500,880
Certificate of Deposit	2.15%	04/06/04	415,880	415,880
Certificate of Deposit	0.15%	04/06/04	270,880	270,880
Certificate of Deposit	2.56%	04/06/04	1,800,880	1,800,880
Total Certificates of Deposit			3,800,880	3,800,880

Description	Discount Rate (%)	Maturity	Cost	Approximate Market Value
United States Treasury Bill	2.87%	04/04/04	\$ 60,880	\$ 60,880
United States Treasury Bill	1.63%	05/08/04	176,880	176,880
United States Treasury Bill	1.82%	05/08/04	218,880	218,880
United States Treasury Bill	1.84%	04/08/04	300,880	300,880
Total			1,356,880	1,356,880
Less unamortized discount			____(51,370)	
Total United States Treasury Bills			1,305,510	

**THE DOWNTOWN DEVELOPMENT DISTRICT
OF
THE CITY OF NEW ORLEANS
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED**

NOTE 2 - Investments, Continued:

Description	Interest Rate (%)	Maturity	Cost	Approximate Market Value
United States Treasury Strips	3.73%	04/15/03	\$1,832,080	\$1,832,080
United States Treasury Strips	3.88%	08/15/02	1,844,080	1,844,080
United States Treasury Strips	4.86%	02/15/03	<u>514,080</u>	<u>514,080</u>
Total			3,618,080	\$2,618,080
Less unamortized discount			<u>(374,831)</u>	
Total Treasury Strips			<u>2,973,273</u>	
Grand Total			<u>\$2,973,273</u>	

Investments at December 31, 2001 are either covered by FISC or by collateral held by a third party in the name of the Board as custodian for the District. The investments are categorized as Category 1.

Category 1 represents insured or registered, or collateralized with securities held by the District or its agent in its name.

Accrued interest at December 31, 2001 on the above investments was \$98,184.

**THE DOWNTOWN DEVELOPMENT DISTRICT
OF
THE CITY OF NEW ORLEANS
NOTES TO THE FINANCIAL STATEMENTS, (CONTINUED)**

NOTE 3 - Cash and Temporary Cash Investments:

Cash and temporary cash investments include amounts in demand deposit accounts as well as short-term cash investments.

At December 31, 2001, the carrying amount of the District's deposits was \$1,650,081 and the bank balance was \$2,083,864. Of these amounts, \$100,000 is covered by federal deposit insurance and the remainder collateralized by a pledge of securities owned by the depository bank and held in safekeeping by other financial institutions in the District's name (Category 1 as previously defined).

NOTE 4 - Real Estate Escrow Fund:

Certain property owners made tax payments under protest which had not been resolved at December 31, 2000, in the amount of \$494,315. As of December 31, 2001, these funds are held in escrow by the City of New Orleans.

NOTE 5 - Property Taxes:

On November 17, 1975, the City obtained approval in a referendum for an additional 6-1/2 mills ad valorem tax on property within the District for the calendar years 1976 and 1977.

On October 1, 1977, the City obtained approval in a referendum to authorize the Council of the City of New Orleans to levy provisions of the Louisiana Constitution of 1974 and Subsection 1.1 of Louisiana Act No. 124 of 1977 upon all taxable real property for ten years for special improvements, facilities, services, and the issuance of bonds as provided in the said Act, and to ratify the establishment of the District.

**THE DOWNTOWN DEVELOPMENT DISTRICT
OF
THE CITY OF NEW ORLEANS
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED**

NOTE 5 - Property Taxes, Continued:

In accordance with the State Constitution, the District will maintain its mills on real property at 22.97 mills. Collection is currently suspended above 15.9 mills.

The District levied 15.9 mills on real property within its area for 2001. Taxes on real property are levied on January 1, and payable on January 1, and are delinquent February 1. Property taxes levied for 2001, collected during 2001, or expected to be collected in 2001 are recognized as revenues in 2001. Taxes levied for 2002 but collected in 2001 are reflected as deferred revenues. (See NOTE 4 and 8)

All property taxes are levied and collected by the City of New Orleans. Taxes collected, and any interest thereon, are to be deposited with the Board of Liquidation, City Debt to the account of the District.

NOTE 6 - Fixed Assets:

A summary of changes in general fixed assets follows:

	(Balance) January 1, 2001	Additions	Disposals	(Balance) December 31, 2001
Motor vehicle	\$ 13,553	\$ -	\$ -	\$ 13,553
Motor vehicles	15,614	-	-	15,614
Office equipment	70,911	11,517	(7,578)	84,850
Office furniture	11,490	46,346	(25,749)	32,087
Personalized equipment	293,473	-	-	293,473
Capital leases	68,306	-	-	68,306
Public works	(21,361)	-	(32,000)	(53,361)
Total	\$380,131	\$67,863	\$37,327	\$410,667

**THE DOWNTOWN DEVELOPMENT DISTRICT
OF
THE CITY OF NEW ORLEANS
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED**

NOTE 7 - Due to City of New Orleans:

Because of the integral relationship of transactions between the District and the City of New Orleans, amounts due to the City of New Orleans at December 31, 2001 reflect the net of various transactions. Details are as follows:

Advances, payable and reimbursements due to the District for 2001 expenditures	\$3,194,086
Amounts due to the City of New Orleans for expenditures, and a revolving advance	<u>(480,954)</u>
Net due to the City of New Orleans	<u>\$2,713,132</u>

NOTE 8 - Deferred Revenues

All valorem taxes of \$20,085, levied for 2002 and collected in 2001, are reflected as deferred revenue at December 31, 2001. (See NOTE 5). In addition, deferred revenues include: \$494,315 in taxes paid under protest and \$562,384 of unspent funds received from the New Orleans Area Tourism and Economic Development Fund in 2001 for both the "CrescentE Ambassador" and "Hospitality Ranger" programs in 2001.

**THE DOWNTOWN DEVELOPMENT DISTRICT
OF
THE CITY OF NEW ORLEANS
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED**

NOTE 9 - Designated Fund Balance:

A portion of the fund balance in the amount of \$745,484 has been designated for subsequent year's expenditures (totaling \$6,723,958) as per the year 2002 approved annual plan.

A detail of year 2002's budget is as follows:

Description	Amount
Administration	\$1,496,015
Marketing	
Marketing and promotions	542,000
Operations	
Sanitation services	412,000
Capital improvements	273,200
Maintenance	1,145,000
Other	<u>133,500</u>
	<u>3,959,700</u>
Public Safety	
Hospitality	400,000
Police Sub-station	19,000
NOFID services	875,000
Public Safety	<u>60,000</u>
	<u>3,354,000</u>

**THE DOWNTOWN DEVELOPMENT DISTRICT
OF
THE CITY OF NEW ORLEANS
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED**

NOTE 9 - Designated Fund Balance, Continued

<u>Description</u>	<u>Amount</u>
<u>Economic Development</u>	
Administration	\$ 3,000
Databases Management	41,500
Business Recruiting	134,000
Constituent Care Program	500
Medical District	<u>36,000</u>
	<u>215,000</u>
<u>Other</u>	
Special projects	622,500
Debt service	<u>534,647</u>
Total budgeted expenditures for 2002	<u>\$6,723,938</u>

**NOTE 10 - The Downtown Development District Employee
Retirement Plan/Whole Life Insurance:**

Retirement Plan

In 1990, the District established a defined contribution retirement plan for its employees. Contributions to the plan are at the discretion of the District. All employees twenty-one (21) and over are eligible to participate in the plan. Vesting is over a five year period with 20% vesting per year of service.

**THE DOWNTOWN DEVELOPMENT DISTRICT
OF
THE CITY OF NEW ORLEANS
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED**

**NOTE 10 - The Downtown Development District Employee
Retirement Plan/Whole Life Insurance, Continued:**

Retirement Plan, Continued

The plan's effective date was January 1, 1993 and all eligible employees on that date were given credit for their previous years of service for vesting purposes. All contributions made to the plan are the property of the plan and the participating employees. Management of the plan's assets and any costs related to its operations is the sole responsibility of the Trustee(s) and the Administrator of the Downtown Development District Employee Retirement Trust - Federal EIN 22-1241876. The District's contribution to the plan in 2001 was \$14,883 which was paid to American United Life for deposit with designated fund agencies who are to manage the investment of the plan's assets.

All of the District's employees participate in the plan. The payroll for covered employees and total payroll for the year ended December 31, 2001 was \$863,742.

Whole Life Insurance

In conjunction with the development of the above retirement plan, but not a part of that plan, the District in 1993 established an additional benefit in the form of whole life insurance policies for each of its employees. The insurance policies are purchased at an annual premium paid by the District to First Colony Life Insurance Company for which First Financial Resources acts as agent. The amount of insurance provided each employee is approximately twice their annual salary and the policy is in the name of and owned by the employee subject to the payment of the annual premium. Premiums paid by the District for the employees' policies in 2001 were \$1,832.

**THE DOWNTOWN DEVELOPMENT DISTRICT
OF
THE CITY OF NEW ORLEANS
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED**

NOTE 11 - Commitments and Contingencies

The District had services provided or which were to be provided at December 31, 2001 under various contractual arrangements that are to be financed in 2002 in the amount of \$237,488. These amounts are included in the 2001 plan designated fund balance for capital and maintenance projects.

The District approved in 1997 funding of the Louisiana Artists Guild project in the amount of \$550,000 of which the following remains: \$300,000 in 2000 contingent upon (1) certain fund-raising goals being met by January 2000; (2) sufficient funds being raised to the satisfaction of the District's Board in order to acquire, renovate/construct, and occupy the facility for its intended purpose; (3) appropriate recognition for the District within the facility; and (4) notification by August 1 of each year for the next year's funding. As December 31, 2000, the Louisiana Artists Guild has met the funding requirements as stipulated by the District.

Capital Leases

Future minimum lease payments under capital leases as of December 31, 2001 by year and in the aggregate are:

Year Ending	Amount
2002	\$0.00
2003	11,815
2004	7,815
Total minimum lease payments	31,815
Less: Assumed repaying interest	(8,265)
Present value of net minimum lease payments	\$23,550

**THE DOWNTOWN DEVELOPMENT DISTRICT
OF
THE CITY OF NEW ORLEANS
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED**

NOTE 11 - Commitments and Contingencies, Continued:

Capital Leases, Continued

Interest rates on capitalized leases are imputed based on the lower of the District's incremental borrowing rate at the inception of the lease or the implicit rate of return.

Operating Leases

The District is leasing its offices at 1010 Common Street. Under its current agreement, the lease expires on July 31, 2011. The District also leases office equipment with various terms from one month to sixty months.

Future minimum rental payments for leases with terms in excess of one year are as follows:

Year Ending	Amount
2002	\$ 100,130
2003	104,108
2004	107,806
2005	107,073
2006	<u>642,287</u>
Totals	<u>\$1,061,404</u>

The total rent under the above leases was \$70,536 during 2001. Leases are funded from general fund revenues.

**THE DOWNTOWN DEVELOPMENT DISTRICT
OF
THE CITY OF NEW ORLEANS
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED**

NOTE 11 - Commitments and Contingencies, Continued:

Funding:

The District is beneficiary to an appropriation in the sum of \$500,000 under the U.S. Department of Transportation's appropriation for the year ending September 30, 2002.

NOTE 12 - Litigation:

There are matters being litigated to include matters where various parties have brought suits against the District alleging injuries as a result of faults in various properties which the District does not own or maintain. Therefore, the District's management does not feel it has any liability for their injuries nor should they be a party to any of these suits involving properties not owned or maintained by the District. Also, the City of New Orleans in its capacity as the tax collector for various tax bodies including the District has been named as defendants in five (5) pension plan cases. The attorneys for the City of New Orleans have expressed confidence in that the City of New Orleans' position will prevail. At December 31, 2000 and May 31, 2002, it is the opinion of management and counsel that the results of any of these suits cannot be determined.

NOTE 13 - Related Parties:

Various members of the District's Board of Commissioners are members of the boards of other non-profit organizations that may receive part of their funding for the performance of certain programs from the District. None of these members receive any form of compensation from any of these organizations.

**THE DOWNTOWN DEVELOPMENT DISTRICT
OF
THE CITY OF NEW ORLEANS
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED**

NOTE 14 - Risk Management:

The District is exposed to various risks of loss related to torts, theft of, damage to and destruction of assets for which the District carries commercial insurance. Liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated.

NOTE 15 - Subsequent Events:

The District's 2003 budget plan in the amount of \$6,723,958 has been submitted to and approved by the City Council of New Orleans.

Also, pursuant to a resolution passed by the City Council of New Orleans, dated March 23, 2002, the District has entered into Canal Street Development Corporation, a participation agreement to finance certain capital improvements to Canal Street and District-wide.

NOTE 16 - Bonds:

On January 18, 2001, the City Council of the City of New Orleans adopted a resolution approving and authorizing the issuance of bonds in an amount not to exceed \$80,000,000. The proceeds derived from the sale of the bonds will be used to finance the cost of capital improvements and facilities within the District.

Pursuant to L.A. R.S. 33:2340.3, as amended, and consequent to voter approval resulting from elections held on April 7, 2001, the District issued \$7,375,000 in bonds. The Downtown Development District Limited Tax Bonds, series 2001 was sold on May 31, 2001 and delivered on July 1, 2001. The bonds are dated July 1, 2001 and due on December 1, 2001 through December 1, 2036.

**THE DOWNTOWN DEVELOPMENT DISTRICT
OF
THE CITY OF NEW ORLEANS
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED**

NOTE 16 - Bonds, Continued:

Payment of principal and interest will be solely from and secured by an irrevocable pledge and dedication of the proceeds derived from the levy and collection of taxes upon all taxable real property located within the boundaries of the District. The December 31, 2001, the Board of Liquidation, City Debt has \$275,622 held in reserve for the payment of future debt service in connection with the bonds issued. Also see NOTE 18.

NOTE 17 - Concentration of Credit Risk:

The District's current principal source of revenue consist mainly of property taxes assessed.

NOTE 18 - Changes in General Long-term Debt:

Long-term Debt.....	Balance January 1, 2001	Additions	(Retirements)	Balance December 31, 2001
Revolutions Development District Limited Tax Bonds, Series 2001 Comprehensive	\$ -0-	\$7,375,000	\$ -0-	\$7,375,000
Refinance	28,483	28,427	-0-	56,910
Capital Issues	33,981	-0-	(8,722)	25,259
	<u>\$62,464</u>	<u>\$7,403,427</u>	<u>\$(8,722)</u>	<u>\$7,463,179</u>

THE DOWNTOWN DEVELOPMENT DISTRICT
OF
THE CITY OF NEW ORLEANS
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 18 - Changes in General Long-term Debt, Continued:

Bond debt service requirements to maturity by year is as follows:

<u>Due December 1</u>	<u>Principal</u>	<u>Interest Rate (%)</u>
2002	\$ 150,000	4.75
2003	160,000	4.75
2004	170,000	4.70
2005	180,000	6.60
2006	190,000	6.60
2007	195,000	6.60
2008	205,000	6.60
2009	215,000	6.60
2010	225,000	6.60
2011	235,000	6.60
2012	250,000	4.60
2013	260,000	4.70
2014	275,000	4.80
2015	285,000	4.90
2019	1,310,000	5.00
2022	1,175,000	5.05
2026	1,895,000	5.00
	<u>\$7,375,000</u>	

**THE DOWNTOWN DEVELOPMENT DISTRICT
OF
THE CITY OF NEW ORLEANS
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED**

NOTE 18- Continuing Disclosure Certificate:

Appendix "F" Section 4, "Content of Annual Reports" of the "Continuing Disclosure Certificate" executed and delivered by the City of New Orleans and the District dated May 10, 2001, requires the annual audit report of the District contain or incorporate by reference, the following:

Section 4 Part

- c. The total amount of debt of the District issued, as well as any debt which has been authorized but not yet issued. See NOTE 16 in the accompanying general purpose financial statement.
- d. Any material changes in the assessment procedures and the homestead exemptions for the most recent tax year available from Louisiana Tax Commission.

Refer to Preliminary Official statement issued by the City of New Orleans dated March 4, 2002 and pursuant to Rule 15c 2-12 of the Securities and Exchange Act.

- e. The assessed value of taxable property in the District and homestead exemptions of the most recent tax year available from the Louisiana Tax Commission.

Refer to Preliminary Official statement issued by the City of New Orleans dated March 4, 2002 and pursuant to Rule 15c 2-12 of the Securities and Exchange Commission.

**THE DOWNTOWN DEVELOPMENT DISTRICT
OF
THE CITY OF NEW ORLEANS
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED**

NOTE 18 - Changes in General Long-term Debt, Continued:

Section 4 Part, Continued

- f. The assessed value of property by classification for the District for the most recent tax year available from the Louisiana Tax Commission.

Refer to Preliminary Official statement issued by the City of New Orleans dated March 4, 2002 and pursuant to Rule 15c 2-12 of the Securities and Exchange Commission.

- g. Update the table included in the Official Statement under the caption "Tax Collection Record".

Refer to Preliminary Official statement issued by the City of New Orleans dated March 4, 2002 and pursuant to Rule 15c 2-12 of the Securities and Exchange Commission.

- h. The millage rates at which the tax is levied for the prior tax year including specifically, the millage that is pledged to the payment of the bonds.

Refer to Preliminary Official statement issued by the City of New Orleans dated March 4, 2002 and pursuant to Rule 15c 2-12 of the Securities and Exchange Commission.

- i. The ad valorem tax levies and collections of the District for the prior tax year, including specifically, the millage that is pledged to the payment of the bonds.

Refer to Preliminary Official statement issued by the City of New Orleans dated March 4, 2002 and pursuant to Rule 15c 2-12 of the Securities and Exchange Commission.

**THE DOWNTOWN DEVELOPMENT DISTRICT
OF
THE CITY OF NEW ORLEANS
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED**

NOTE 19 - *Continuing Disclosure Certificate, Continued:*

Section A Part

- J. A listing of the ten largest contractors employed within the District for the prior tax year.***

Refer to Preliminary Official statement issued by the City of New Orleans dated March 4, 2002 and pursuant to Rule 15c 2-12 of the Securities and Exchange Commission.

- K. Updated information reflecting the trend of indebtedness of the District.***

Refer to Preliminary Official statement issued by the City of New Orleans dated March 4, 2002 and pursuant to Rule 15c 2-12 of the Securities and Exchange Commission.

Also, see NOTE 18 in the accompanying general purpose financial statements.

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE
AND ON INTERNAL CONTROL OVER FINANCIAL
REPORTING BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE
WITH GOVERNMENT AUDITING STANDARDS**

To the Audit Committee of
The Downtown Development District
of the City of New Orleans

We have audited the general purpose financial statements of The Downtown Development District of the City of New Orleans (the District) as of and for the year ended December 31, 2009, and have issued our report thereon dated May 31, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the District's the general purpose financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of the general purpose financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE
AND ON INTERNAL CONTROL OVER FINANCIAL
REPORTING BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE
WITH GOVERNMENT AUDITING STANDARDS
(CONTINUED)

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the general purpose financial statements and not to provide assurance on the internal control over financial reporting. However, we noted a certain matter involving internal control over financial reporting and its operations that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the District's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements. The reportable condition is described in the accompanying Summary Schedule of Findings as item 84-01.

A material weakness is a condition in which the design or operation of one or more of the internal control component does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe that the reportable condition described above is not a material weakness.

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE
AND ON INTERNAL CONTROL OVER FINANCIAL
REPORTING BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE
WITH GOVERNMENT AUDITING STANDARDS

(CONTINUED)

This report is intended solely for the information of the audit committee, Board of Commissioners, management, the City of New Orleans, Legislative Auditor for the State of Louisiana and the State of Louisiana, and is not intended to, and should not be used by anyone other than those specified parties.

Bruno & Tervalon LLP

BRUNO & TERVALON LLP
CERTIFIED PUBLIC ACCOUNTANTS

May 31, 2002

**THE DOWNTOWN DEVELOPMENT DISTRICT
OF
THE CITY OF NEW ORLEANS
SUMMARY SCHEDULE OF FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2001**

We have audited the general purpose financial statements of **The Downtown Development District of the City of New Orleans** as of, and for the year ended December 31, 2001 and have issued our report thereon dated May 31, 2002. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits outlined in *Governments Auditing Standards*, issued by the Comptroller General of the United States of America. Our audit of the general purpose financial statements as of December 31, 2001 resulted in an unqualified opinion.

Section I: SUMMARY OF AUDITOR'S REPORTS

*Report on Internal Control and Compliance
Material to the Financial Statements*

Internal Control:

Material Weaknesses: Yes ___ No **X** Reportable Condition(s): Yes ___ No **X**

Compliance:

Compliance Material to Financial Statements: Yes ___ No **X**

Federal Awards

Internal Control:

Material Weaknesses: N/A* Reportable Conditions: N/A*

Type of Opinion on Compliance:

For Major Programs: N/A*

*N/A - Not-applicable

**THE DOWNTOWN DEVELOPMENT DISTRICT
OF
THE CITY OF NEW ORLEANS
SUMMARY SCHEDULE OF FINANCES, CONTINUED
FOR THE YEAR ENDED DECEMBER 31, 2000**

Section II: SUMMARY OF AUDITORS' REPORTS, CONTINUED

Federal Awards, Continued

Are there findings required to be reported in accordance with Circular A-133, Section 3.10(a)?

N/A²

Identification of Major Programs: N/A²

Define threshold used to distinguish between Type A and Type B Programs: N/A²

Is the auditee a "low-risk" auditee, as defined by OMB Circular A-133? N/A²

**THE DOWNTOWN DEVELOPMENT DISTRICT
OF
THE CITY OF NEW ORLEANS
SUMMARY SCHEDULE OF FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2001**

"The audit findings are segregated into internal and external. The internal findings relate to those events planned, executed and managed by the District. The external findings relate to events planned, executed and managed by the City of New Orleans."

Section II: FINANCIAL STATEMENT FINDING

Reference Number:
00-01

Condition (Internally)

The operating of the District's internal control over financial reporting during the year ended December 31, 2001 exhibited the following conditions:

- Lack of a timely resolution resulting in the overpayment in health insurance premium of approximately \$28,000 for seven (7) employees whose employment with the District has terminated. It is our understanding through discussion with management that the insurance carrier was notified on a timely basis of the terminated employees. However, the carrier required payment until their determination of the employee status;
- For the year ended December 31, 2001, interest in the amount of \$5,671 earned on a certificate of deposit was unrecorded prior to the effect of an audit adjustment. It is our understanding through discussion with management that the amount has subsequently been recorded in the District's books; and
- In five (5) instances, we noted that authorized wire transfer transactions were not recorded in the District's general ledger based on transaction authorization and execution dates but based on transaction approval request date(s).

**THE DOWNTOWN DEVELOPMENT DISTRICT
OF
THE CITY OF NEW ORLEANS
SUMMARY SCHEDULE OF FINDINGS, CONTINUED
FOR THE YEAR ENDED DECEMBER 31, 2000**

Section III: FINANCIAL STATEMENT FINDING, CONTINUED

Reference Number, Continued

01-01

Condition (Internal), Continued

Furthermore, as a result of the untimely processing of wire transfers, the District incurred service fees caused by temporary bank account overdraw condition(s). It is our understanding through discussion with management that the service fees have subsequently been reimbursed.

Recommendation

The management of the District should re-evaluate its current internal control procedures as they related to the conditions described above with an aim toward ensuring adherence to established procedures and/or enhancement of existing procedures.

Management's Response

The Finance Manager will work closely with the Executive Director to ensure approval and execution dates for transactions are adhered to.

Section III: FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

The District did not receive any Federal Award during the year ended December 31, 2000.

**THE DOWNTOWN DEVELOPMENT DISTRICT
OF
THE CITY OF NEW ORLEANS
SUMMARY SCHEDULE OF FINDINGS, CONTINUED
FOR THE YEAR ENDED DECEMBER 31, 2001**

Sections I, II and III: STATUS OF PRIOR YEARS' FINDINGS

Reference Number

99-1

Recommendation (Item(s))^a

We recommended that the District continue in its dialogue with all parties to facilitate access to accurate tax assessments and collection information from the City on a timely basis. In addition, the District should continue to actively enforce its legal rights to public records.

Current Status

The District contracted with a consultant to design a computer program which will enable the District to identify all district properties and determine their property value. Based upon discussion with management, the consultant has obtained all the assessment data and created a database which contains all of the information obtained from the City of New Orleans and the Assessors' records.

In addition, the District has initiated discussions with the new administrators for both the City of New Orleans and the Assessor's office. The District anticipates resolution by no later than December 31, 2002.

**THE DOWNTOWN DEVELOPMENT DISTRICT
OF
THE CITY OF NEW ORLEANS
SUMMARY SCHEDULE OF FINDINGS, CONTINUED
FOR THE YEAR ENDED DECEMBER 31, 2001**

Sections I, II and III: STATUS OF PRIOR YEARS' FINDINGS, CONTINUED

Reference Numbers

99-2 and 98-2

Recommendation (Forward)*

We recommended that management re-evaluate the current program status (*Ambassador's Program*) to ensure compliance of the programmatic and financial management aspects in accordance with its contract with the State of Louisiana.

Current Status

The District is currently managing the *Ambassador Program* in-house. Management continues to ensure compliance with all programmatic and financial management aspects of the program.

In addition, the District continues in its dialogue with the management of the City of New Orleans to facilitate final closure of outstanding issues. Management anticipates resolution by no later than December 31, 2002.

**THE DOWNTOWN DEVELOPMENT DISTRICT
OF
THE CITY OF NEW ORLEANS
SUMMARY SCHEDULE OF FINDINGS, CONTINUED
FOR THE YEAR ENDED DECEMBER 31, 2000**

Sections I, II and III: STATUS OF PRIOR YEARS' FINDINGS, CONTINUED

Reference Number:

98-3

Recommendation (External):

We recommended that the District insist that the New Orleans Police Department complies with the reporting requirements as stated in the contractual agreement. Such a reporting will facilitate the District's ability to monitor and evaluate the agreement to ensure compliance.

Current Status:

The District has begun receiving some information on an "A100" report. The commander of the 8th District of the New Orleans Police Department has agreed to submit detail general ledger reports on a monthly basis.

**THE DOWNTOWN DEVELOPMENT DISTRICT
OF
THE CITY OF NEW ORLEANS
SUMMARY SCHEDULE OF FINDINGS, CONTINUED
FOR THE YEAR ENDED DECEMBER 31, 2001**

Sections I, II and III: STATUS OF PRIOR YEARS' FINDINGS, CONTINUED

Reference Number:

97-6.

Recommendation (Internal):

We recommended that the City of New Orleans provide the District with information to facilitate the reconciliation of the differences in ad valorem taxes receivable.

Current Status:

The District contracted with a consultant to design a computer program which will enable the District to identify all district properties and determine their property value. Based upon discussion with management, the consultant has obtained all the assessment data and created a database which contains all of the information obtained from the City of New Orleans and the Assessors' records.

In addition, the District has initiated discussions with the new administrators for both the City of New Orleans and the Assessor's office. The District anticipates resolution by no later than December 31, 2002.

Also, see reference number 99-1.

**THE DOWNTOWN DEVELOPMENT DISTRICT
OF
THE CITY OF NEW ORLEANS
SUMMARY SCHEDULE OF FINDINGS, (CONTINUED)
FOR THE YEAR 1990-1991 (OCTOBER 31, 2001)**

Sections I, II and III: STATUS OF PRIOR YEARS' FINDINGS, CONTINUED

Reference Number

56-1

Recommendation (Continued)

The City of New Orleans should provide the required reports to facilitate the timely and accurate reporting of all transactions.

Current Status

The District continues to work with the City of New Orleans in order to enhance its coordination efforts in the area of reporting of all transactions.

**DOWNTOWN DEVELOPMENT DISTRICT
OF
THE CITY OF NEW ORLEANS**

EXIT CONFERENCE:

An exit conference was held on June 24, 2003 with representatives of the District. The contents of this report were discussed and all management is in agreement. Those persons that participated are as follows:

**THE DOWNTOWN DEVELOPMENT DISTRICT OF
THE CITY OF NEW ORLEANS**

Mr. Virgil Robinson, Jr.	--	Chairman Audit and Finance Committee
Mr. LaDerrick Blackburn	--	Inspection Executive Director
Ms. Donna Goggett	--	Finance Manager

BRUND & TERVALON LLP, CERTIFIED PUBLIC ACCOUNTANTS

Mr. Alcide J. Tervalon, Jr., CPA	--	Partner
Mr. Paul K. Andols, Sr., CPA	--	Senior Manager